

4 August 2004



Iraq Status

DEPARTMENT
OF
STATE



Highlights

National Conference Postponed

- The IIG, at the request of the United Nations, postponed for two weeks the National Conference in an effort to secure broader representation from varying Iraqi political groups.

NATO Participation Agreement Reached

- NATO announced an agreement on establishing a Training Implementation Mission in Iraq. NATO will begin to coordinate training for Iraqi security forces including selected Iraqi headquarters personnel inside Iraq and help identify personnel for training outside Iraq.

Powell Visit to Baghdad

- Secretary of State Powell traveled to Baghdad this past week visiting with IIG leaders and US Mission personnel.

Iraqi National Guard and Police Service

- The Iraqi National Guard (ING) and Iraqi Police Service conducted a number of successful operations last week including the discovery of large insurgent weapons caches and a sophisticated terrorist safe house.



Governance - Developments

National Conference:

- The IIG, at the request of the United Nations, postponed for two weeks the National Conference in an effort to secure broader representation from varying Iraqi political groups.

International Cooperation:

- NATO announced an agreement on establishing a Training Implementation Mission in Iraq. The mission will be working closely with the Iraqi authorities to help them develop their security structures, in particular in the Ministry of Defense and military headquarters. NATO will also begin training selected Iraqi headquarters personnel inside Iraq and help identify personnel for training outside Iraq.
- Secretary of State Colin Powell and Saudi leaders discussed the Saudi proposal for a contribution of Islamic troops to Iraq stabilization efforts.
- Prime Minister Allawi concluded his visit with leaders of several Arab countries this week. Areas of discussions included security cooperation and assistance.



Governance - Developments (Cont)

Capacity Building:

- The State Department is promoting capacity building and democracy through a US-based program for Iraqis.
 - Civil Society and Civic Education (July 24-August 14): Exploring how civic education provides the the underpinnings for successful participation in a democratic form of government by developing an informed, effective and responsible citizenry. Participants include mayors, governors and civil society leaders.
- USAID continues capacity building activities for local government:
 - Management training seminars for local government officials are improving the delivery of essential services.
- USAID continues Democracy Dialogue Activities (DDA) across Iraq
 - Promotes civic participation and increases Iraqis' understanding of democratic principles and the political process.

Polling Data:

- Latest USG poll (mid July) indicates that the IIG is still popular with the Iraqi people, that security is the number one priority, and that the IIG's actions get more positive than negative remarks.



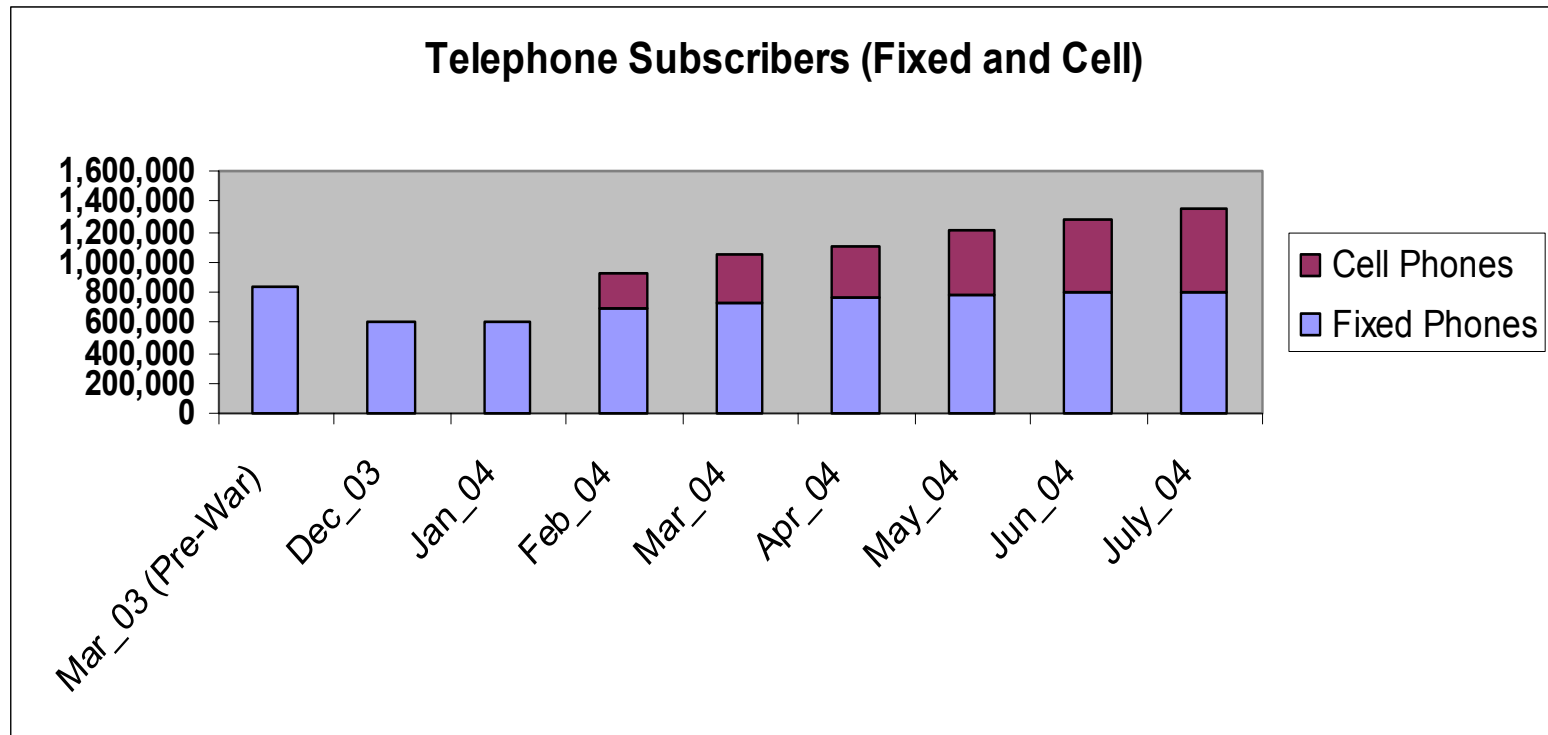
Essential Services - Water and Sanitation

- Rehabilitation of a water treatment plant in a poor area of Baghdad governorate is complete.
 - Nearly 1 million residents are now benefiting from the potable water.
 - Before rehabilitation, the plant was operating at 55-60% of capacity of its 3000 m³/day, but now operates at full capacity.
- Japan is funding an \$11 million UN project to help restore the marshlands of southern Iraq, which were deliberately drained by Saddam Hussein.
 - Will support sustainable development through environmentally sound technologies, providing drinking water, sanitation and pilot wetland restoration for the Marsh Arabs.
 - \$3.68 million of the Japanese aid package will be used to buy 26 water trucks and 304 water tanks for the al-Muthanna province's water department.



Essential Services - Telecommunications

- Total number of telephone subscribers in Iraq is now over 1,345,863 (including 523,966 cell phone subscribers) - 61.6% above pre-war levels.



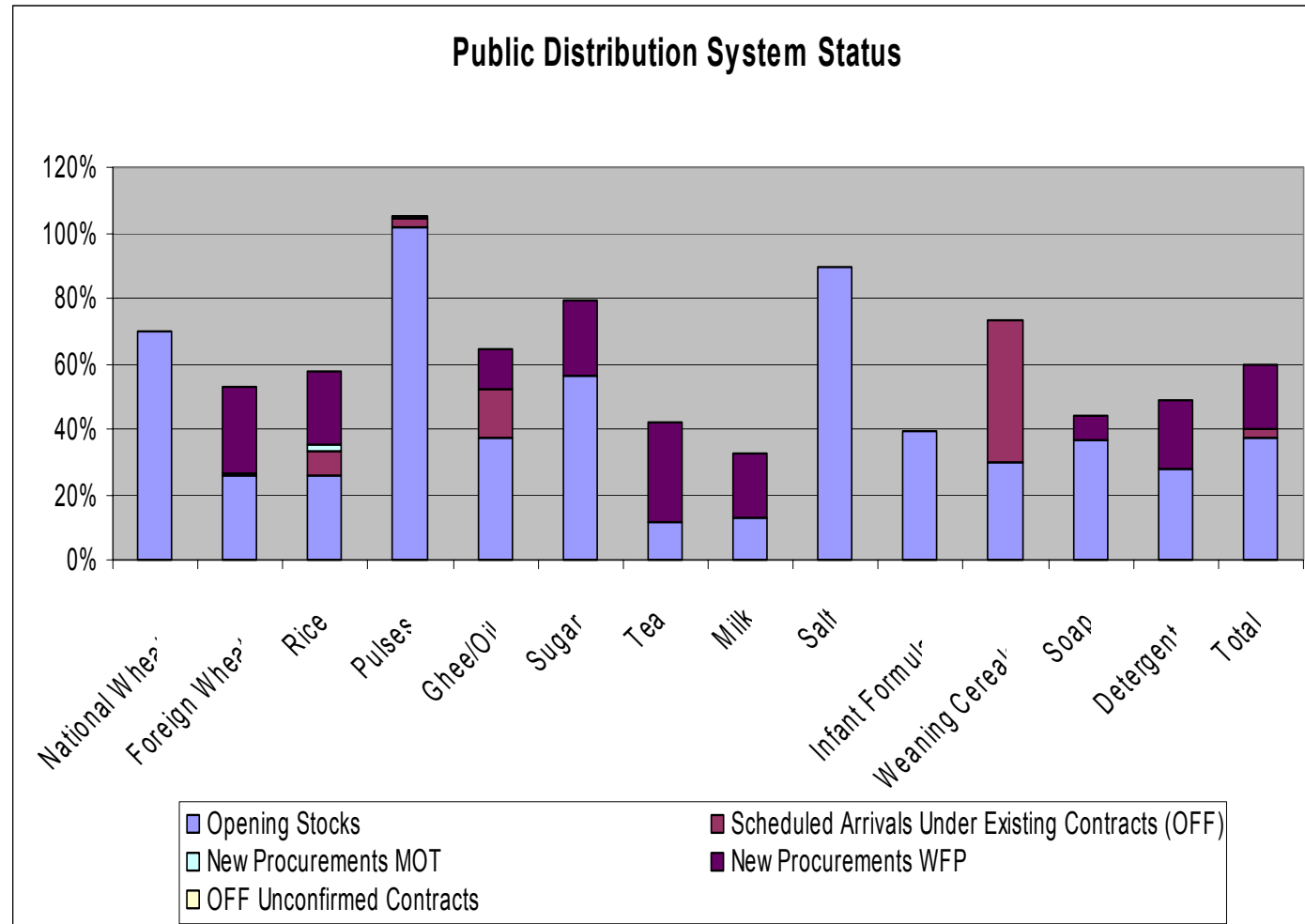
- As of 18 Jul, there were 75,000 internet subscribers in Baghdad.
 - Pre-war, there was limited service, with 3,000 internet and 8,000 e-mail only accounts in 2002.



Essential Services - Food Security

- Chart below shows percentage of estimated requirements for Public Distribution System (PDS) goods from transition on 28 Jun 04 forward.

- The goal of the Ministry of Trade is to provide sufficient ration stocks for the current month plus a three-month buffer.





Essential Services - Food Security (Cont)

- The WFP pipeline indicates possible shortfalls in the following commodities over the course of the next three months.
 - National wheat (national harvest figures are not yet available), pulses, ghee, milk, infant formula, soap and detergent.
- MOT has issued tenders for commodities such as infant formula, cheese, and tomato paste into the food ration basket; cheese and tomato paste have been introduced to reduce and offset the individual ration of pulses.
- WFP will stop all food shipments to Iraq in August. The pipeline will be reliant on Ministry of Trade procurement thereafter.
- For the period of Jul through Sep, WFP projects 35,632 metric tons (mt) of Oil for Food commodity arrivals, which could be augmented by 35,000 mt of Indian wheat.



Essential Services - Health Care

- USAID provided \$1 million worth of equipment and supplies for Iraqis to better detect, treat, and control disease nationwide.
 - 408,000 people will benefit annually.
 - Equipment and supplies, which replaced those looted after the recent conflict, include microscopes, freezers and refrigerators, centrifuges, lab sinks, tissue processors, slides, petri dishes, specialized testing agents, and an Amino Acid Analyzer – the first of its kind in Iraq.
- Over 5 million children between the ages of six and 12 have been immunized for Measles, Mumps, and Rubella.
- Over 3 million children under five years of age have been vaccinated since Jun 03.



Essential Services - Education

- More than 67,000 Iraqi school children at 90 schools in Ninawa' Governorate will now have clean drinking water and functioning toilets when they return to school in September 04.
 - In cooperation with the Ninawa' Directorate of Education, the project supplied water tanks, installed water coolers, repainted bathrooms and toilets, installed new sanitary fittings and wash basins, replaced damaged and broken doors, fixed broken windows and tiled floors.
- Over 32,000 secondary school teachers and 3,000 supervisors have been trained as part of effort to upgrade the quality of education.
- Nearly 2,500 schools have been rehabilitated to date and an additional 1,200 are expected to be complete by the end of the year.
 - In Basrah governorate, USAID is working with the MOE to inventory the number of schools and assess immediate rehabilitation needs.



Project and Contracting Office (PCO) Developments

- To date, the PCO has issued 201 task orders, out of a total of 250 (83%)
 - These task orders cover 2,083 projects nationwide, out of a total 2,300 (90%)
 - Nearly 37% of the \$18.4 billion supplemental is contractually obligated
 - Over 61% of apportioned funds is contractually obligated
- The AIRP is meeting urgent local needs across Iraq:
 - Projects cover: water and sanitation, health, education, building, roads, power, telecommunications, and various other
 - 196 projects are underway out of 369
 - Over 16,300 Iraqis have been directly employed on AIRP projects
 - Sadr City projects continue to employ over 3,000 Iraqi workers



Project and Contracting Office (PCO)

Sector	2207 Report	Apportioned \$M	Committed \$M	Obligate d \$M	Expenditure \$M
Security and Law Enforcement	3,235	2,976	2,636	1,701	272
Electricity Sector	5,465	2,538	2,446	1,896	184
Oil Infrastructure	1,701	1,701	1,598	975	25
Justice, Public Safety, and Civil Society (less Democracy)	1,033	825	714	386	23
Democracy	451	451	420	309	13
Education, Refugees, Human Rights, Governance	259	259	238	118	14
Roads, Bridges, and Construction	368	270	255	124	1
Health Care	786	577	560	376	0
Transportation and Telecommunications	500	467	418	180	4
Water Resources and Sanitation	4,247	892	842	632	5
Private Sector Development	183	135	100	47	16
Admin Expense (USAID, CPA Successor)	213	29	63*	60*	39*
<u>TOTAL</u>	18,439	11,120	10,290	6,804	596
CONSTRUCTION	12,406	5,815	5,815	4,334	
NON-CONSTRUCTION	5,582	4,854	4,055	2,161	
DEMOCRACY	451	451	420	309	
Total	18,439	11,120	10,290	6,804	596

Data as of 27 Jul



Economy

- On 21 Jul, estimated crude oil export revenue was approximately \$9.2 billion for 2004.
- At the New Iraqi Dinar (NID) auction on July 29, the settlement price was 1,460 dinars per dollar, the same as the previous day and unchanged since June 16.
- The Ministry of Finance offered ID 50 billion (about USD 34 million) in government securities in their second bond auction on Sunday, August 1.
- The ISX retreated during the past two sessions by roughly 16%, however, the overall market's value has increased by 51% since trading commenced a month ago.
- Nearly 3,000 micro-credit loans totaling over \$6 million have been made to Iraqi businesses.
 - Provides credit to financially viable micro and small businesses.



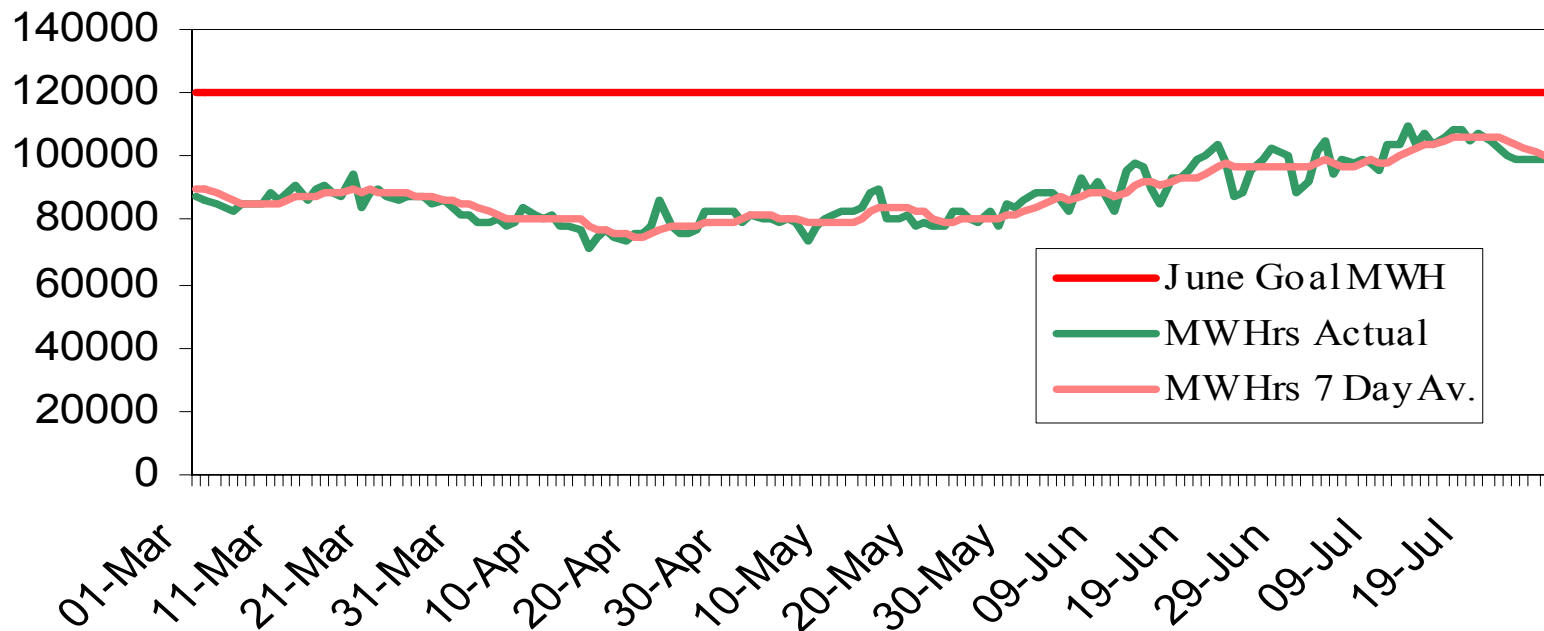
Economy (Cont)

- Since the Iraq Stock Exchange opened on 24 Jun, trading volume has grown significantly.
 - The exchange is open two days a week for two hours per day.
 - There are now 27 listed companies traded and officials are hoping this number will grow to 120 in the next 45 days.
- USAID is assisting the Iraqi Ministry of Labor and Social Affairs (MOLSA) to develop a vocational training program that will help the Iraqi government address Iraq's high unemployment rate.
- USAID is currently supporting the development of business skills among Iraq's small and medium sized businesses.
 - By Fall 04, USAID will expand outreach and the number of existing Iraqi Business Centers, which provide training, consulting, and business entrepreneurship services.



Electricity Overview

Mega Watt Hour Production

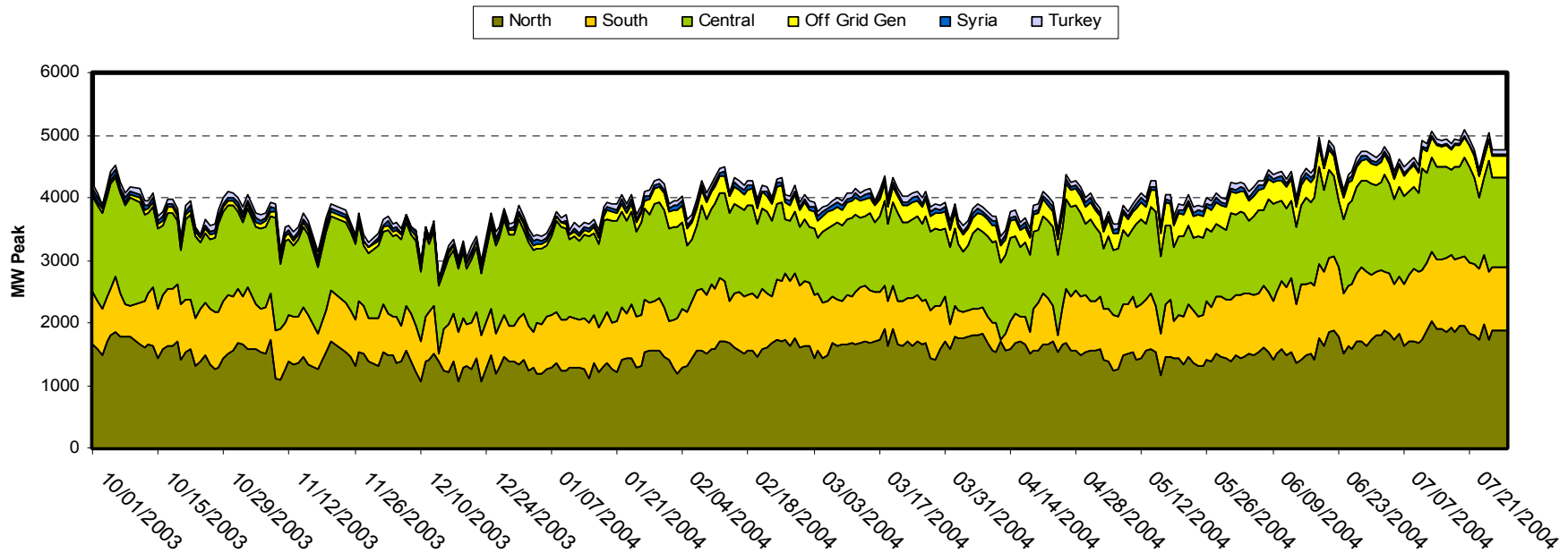


- Summer maintenance program continues resulting in about 465 MW of generation capacity currently offline for scheduled and 603 MW for unscheduled maintenance



Power Production

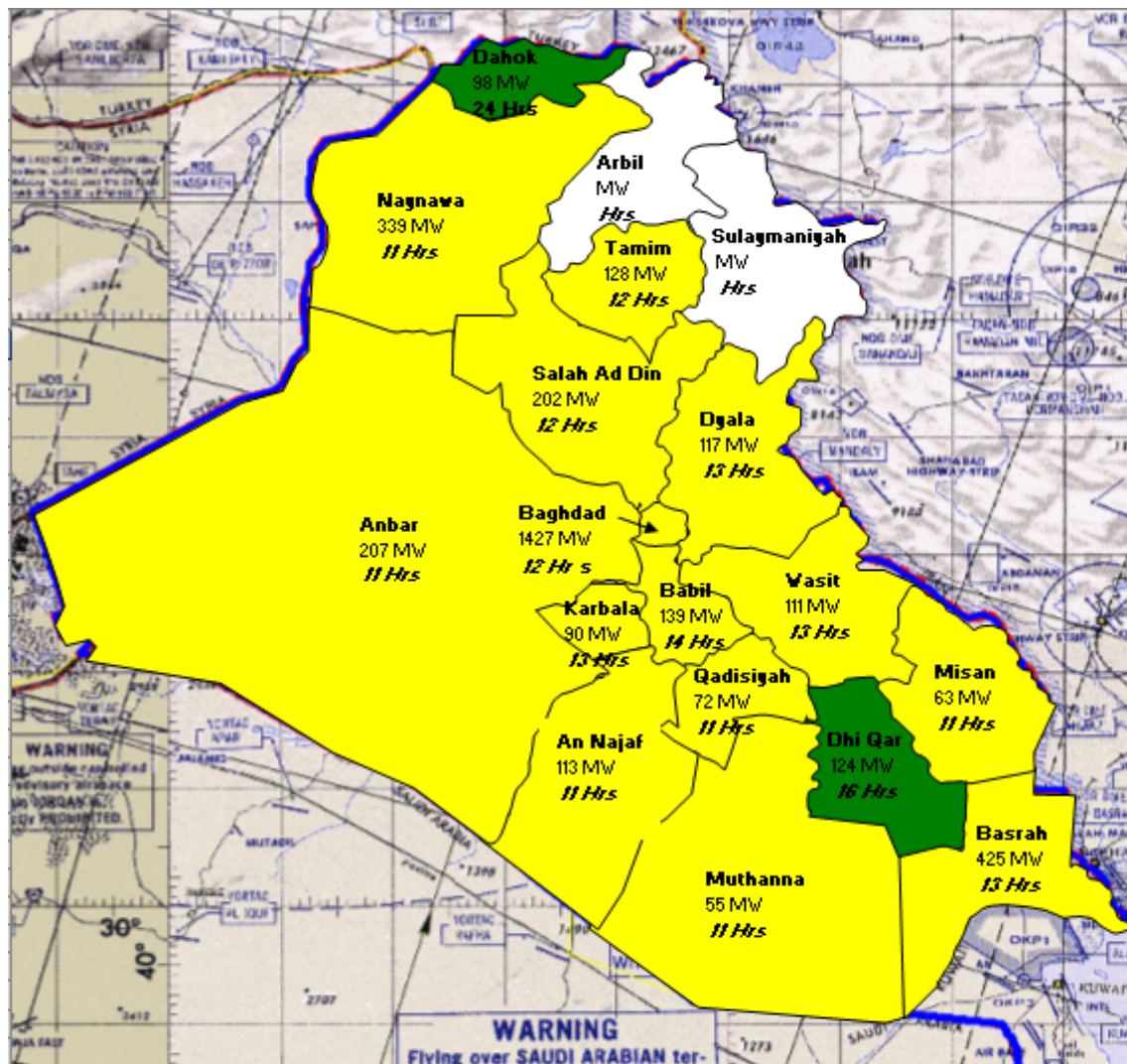
Generation By Region



- Record Production: 13 Jul reached Peak Generation of 5,063 MW or 109,177 MWH



Hours of Power



Average hours of Electrical Service provided over a 7 Day Period

≤ 8 Hrs = Red	
9 to 15 Hrs = Amber	
≥ 16 Hrs = Green	
No Report = White	

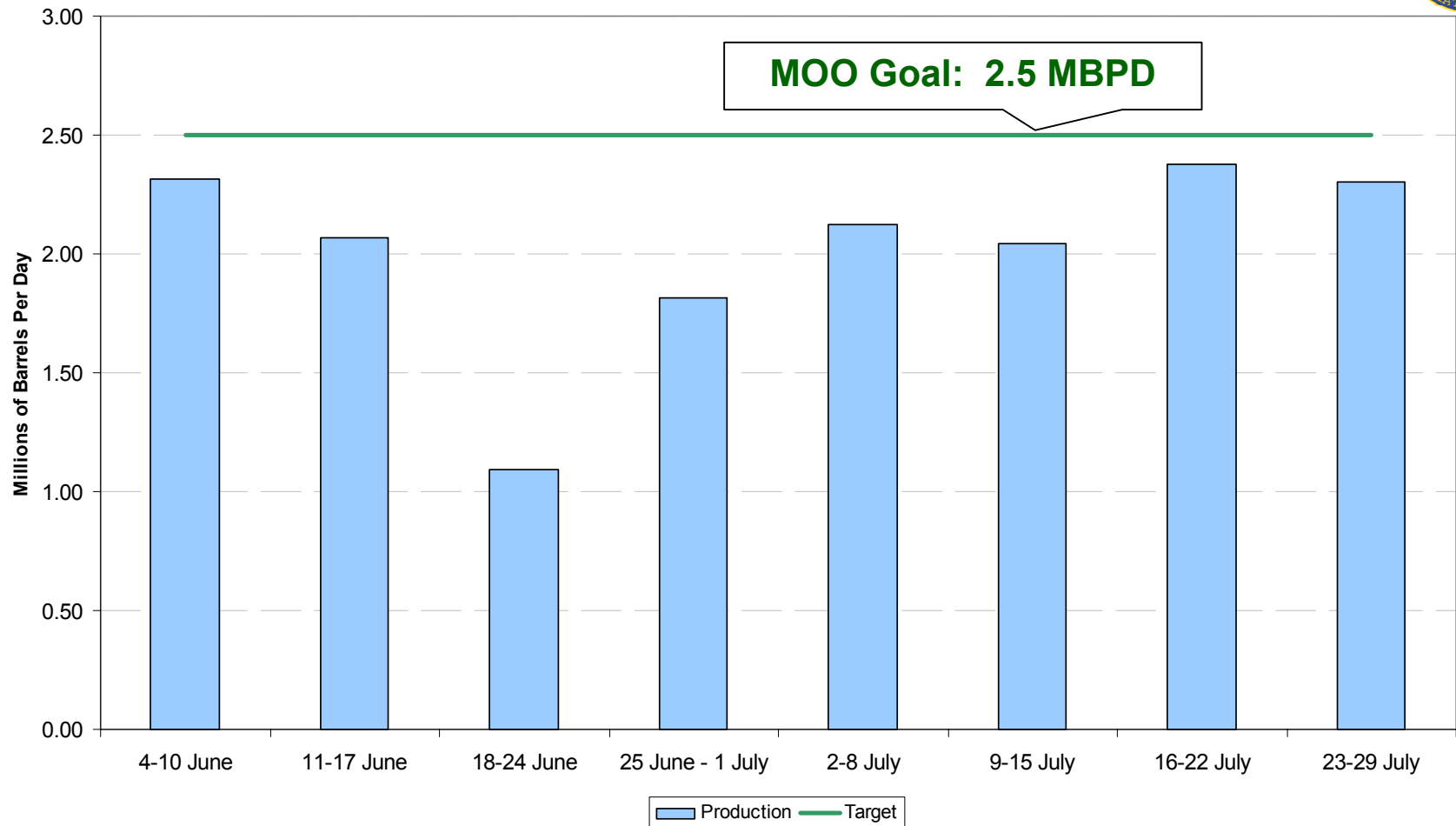
Percent Change in MW over a 7 Day Period

Baghdad	2.5
Dahuk	12.8
Ninewah	12
Tamim	4.4
Salah Ad Din	5.3
Anbar	16
Diyala	42
Babil	35.6
Karbala	16.9
Najaf	14.8
Qadisiyah	11.5
Wasit	18.1
Muthanna	18.7
Dhi Qar	39.4
Maysan	12.2
Basrah	11.1
Arbil	Unknown
Sulaymaniyah	Unknown

Average Electrical Power Distribution per Governorate as of
21 July 2004



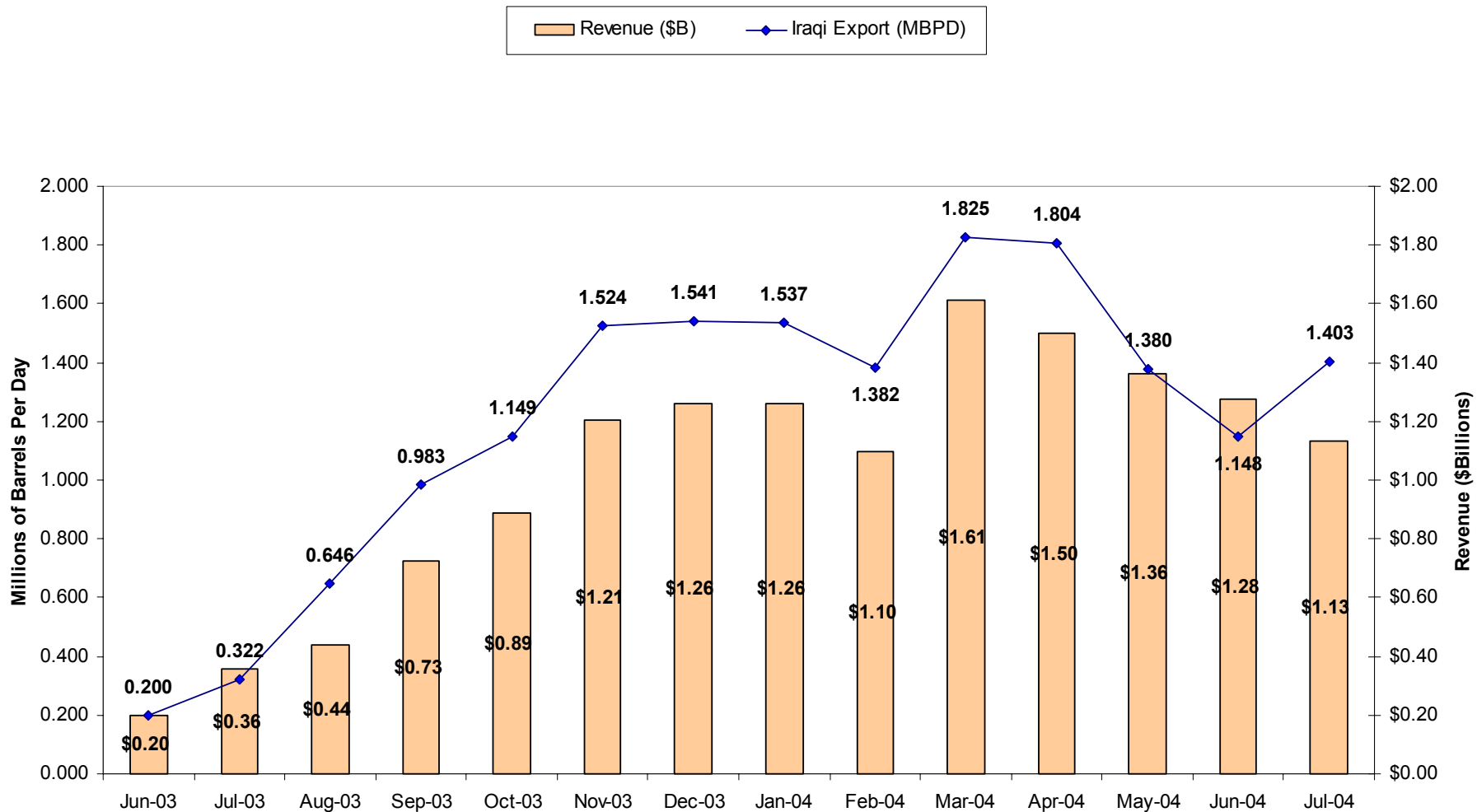
Crude Oil Production



- Weekly Average of 2.303 MBPD Is Below Target of 2.5 MBPD
- Long Term Ministry of Oil (MOO) Target (Dec 04): 2.8 - 3.0 MBPD (Pre-War Capacity)
- Pre-War Peak: 2.5 MBPD in Mar 03
- Post-War Peak: 2.595 MBPD on 16 Apr 04



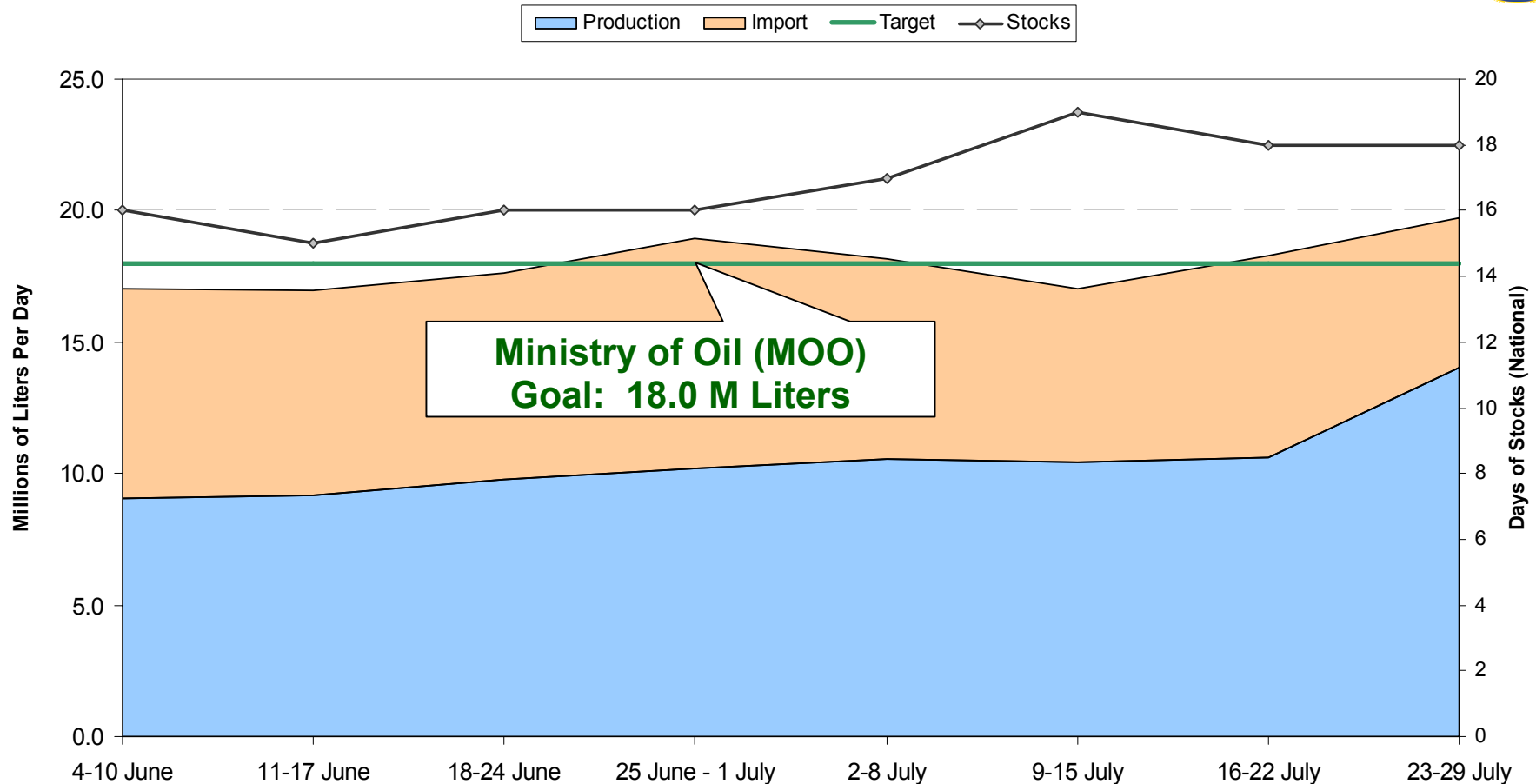
Monthly Export: Volume & Revenue



- Current Monthly Average: 1.403 MBPD
- Current Monthly Revenue: \$1.13B



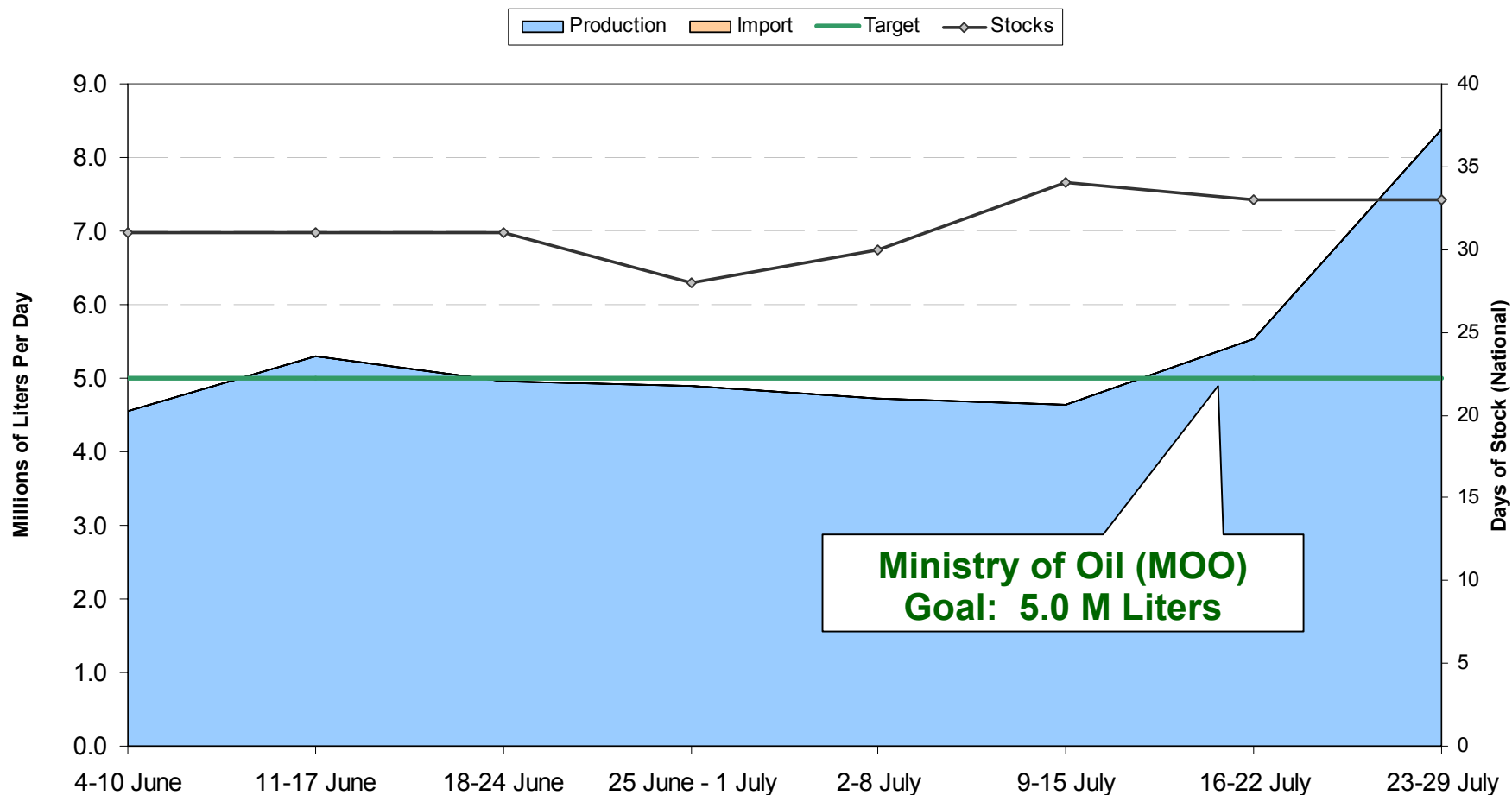
Diesel Production & Imports



- This week's average production and imports are 110% of goal
- National diesel stock is 18 days



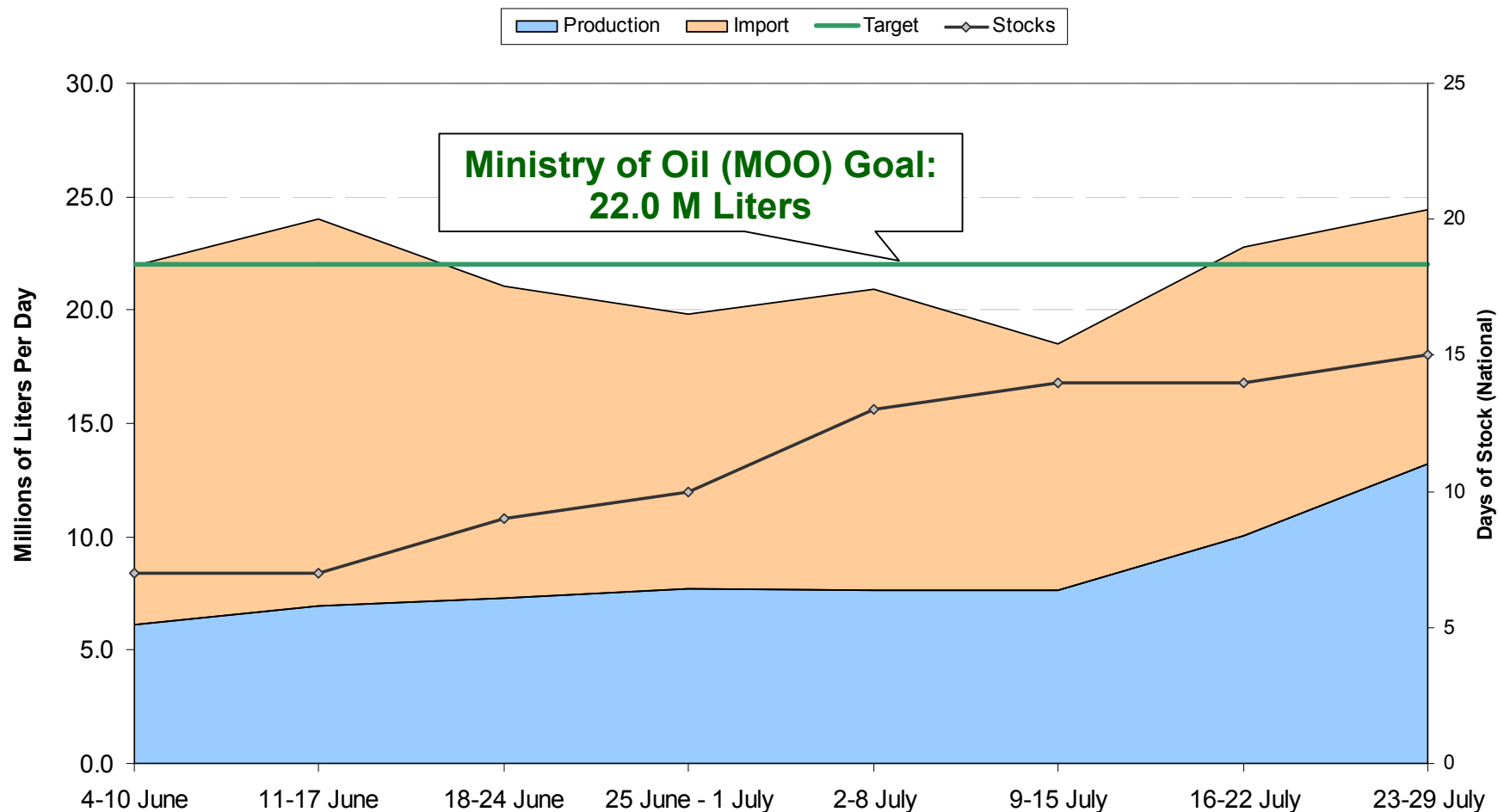
Kerosene Production & Imports



- This week's average production and imports are 168% of goal
- National kerosene stock is 33 days



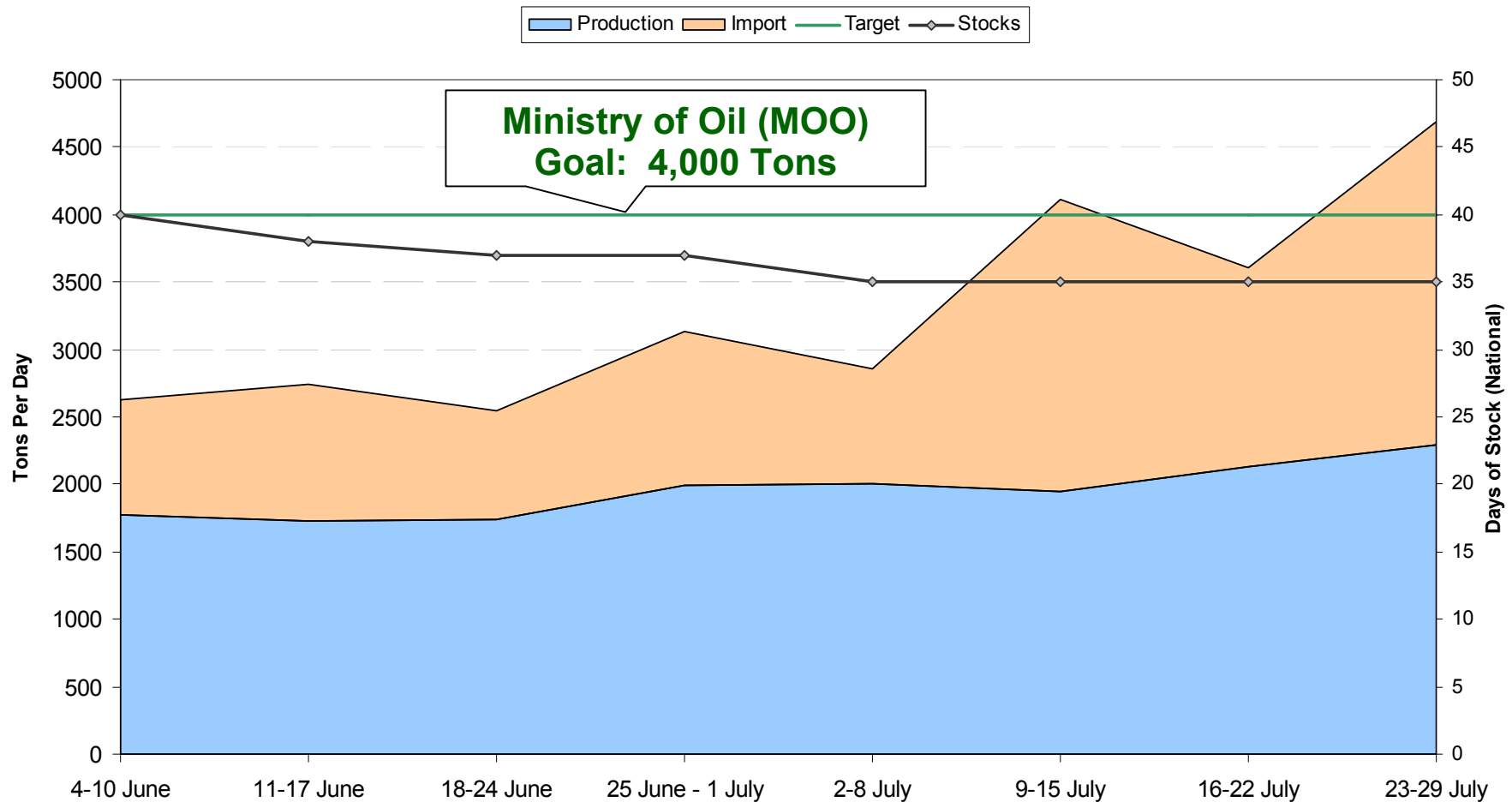
Gasoline / Benzene Production & Imports



- This week's average production and imports are 111% of goal
- National benzene stock is 15 days



Liquefied Petroleum Gas Production & Imports



- This week's average production and imports are 117% of goal
- National LPG stock is 35 days



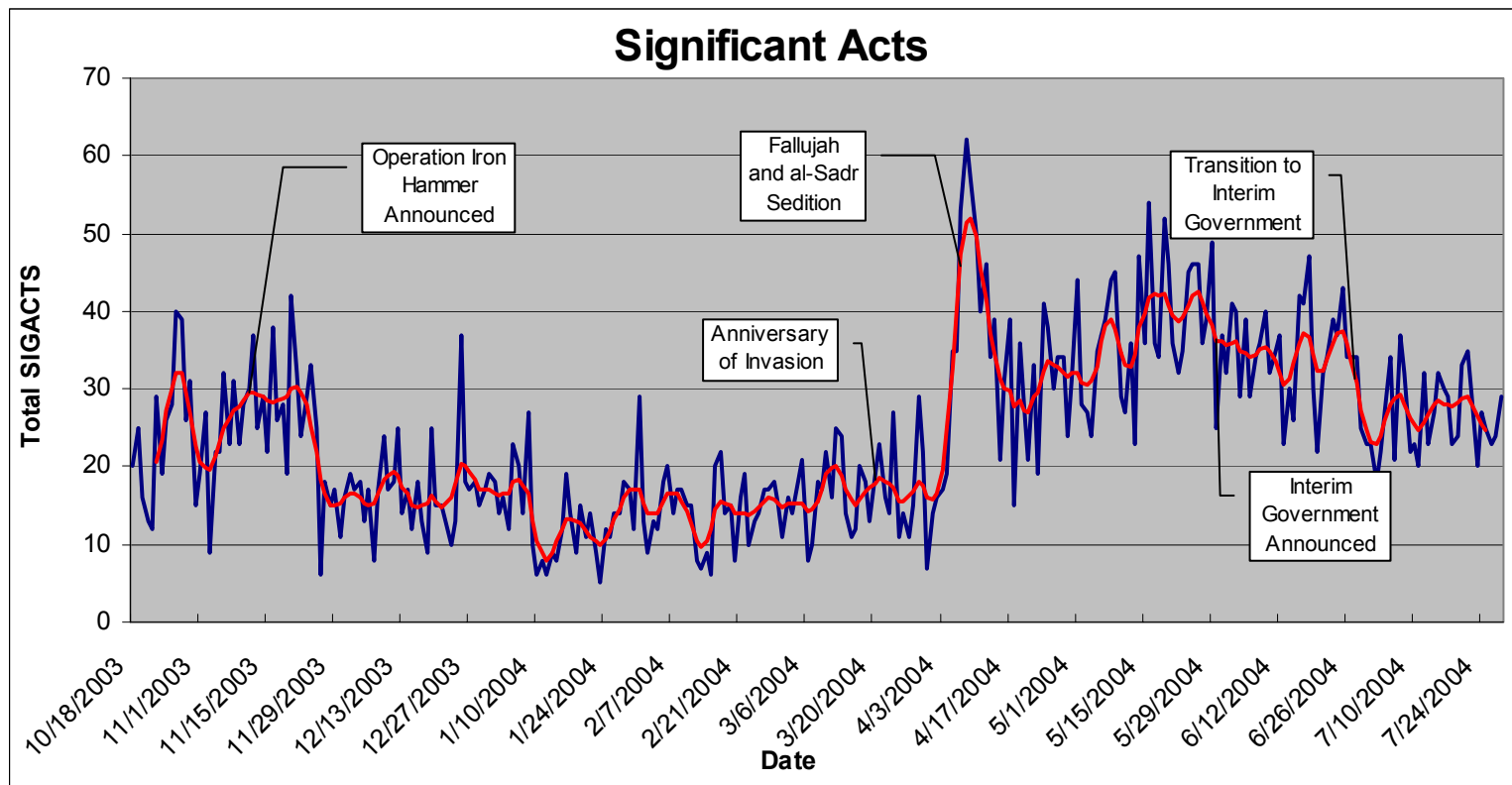
Security - Developments

- The Iraqi National Guard (ING) and Iraqi Police Service conducted a number of successful operations last week including the discovery of large insurgent weapons caches and a sophisticated terrorist safe house.
 - One haul included MIG-21 engines, 120mm BM-21 rockets, 60mm mortar rounds, land mines, 120mm artillery shells, mortar charges, a truck and 5,000 boxes of 14.55mm rounds.
 - Another other haul yielded 10 type-63 107mm rockets, two 120mm mortar rounds, a rocket propelled grenade launcher, two rocket propelled grenades, various fuses and 26 improvised explosive devise switches.
- The Iraqi Intervention Forces' 4th Battalion deployed to a southern Baghdad base this week for stability and support operations as part of the Iraqi government's continued effort to provide security to the nation.
 - This is one of three Iraqi battalions being employed in the Baghdad area of operations.
- Lead elements of the Iraqi army's 5th Battalion deployed to a base in Western Baghdad this week for force protection operations at the base as part of the Iraqi government's continued effort to provide security to the nation.



Security - Developments (Cont.)

- Chart below shows significant insurgent activities in Iraq to 24 July 2004.
- Includes attacks using improvised explosive devices (IED), vehicle-borne IED, mortars, rocket propelled grenades (RPG), and improvised rockets.





Stability Contributors - OIF

Countries with forces in Iraq

30

Albania
 Australia
 Azerbaijan
 Bulgaria
 Czech Rep
 Denmark
 El Salvador
 Estonia
 Georgia
 Hungary
 Italy
 Japan
 Kazakhstan
 Korea
 Latvia

TOTAL ~23K

Lithuania
 Macedonia
 Mongolia
 Netherlands
 New Zealand
 Norway
 Poland
 Portugal
 Romania
 Singapore
 Slovakia
 Thailand
 Tonga
 Ukraine
 UK

Countries committed to provide forces for Iraq

1

31 Countries

Potentially Supporting
Iraqi Stability and
Humanitarian Relief



Iraq Weekly Status – General Information

- Development, coordination and distribution responsibilities for the Iraq Weekly Status Report have been transferred from the Department of Defense to the Department of State.
- This brief draws from multiple sources. References are often cited in the “Notes Page” section (View → Notes Page) of this brief.
- Please forward all inquiries to NEA-I-IPOG-DL@state.sgov.gov